

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT
PRICE ADJUSTMENT

Docket No. R2013-1

**COMMENTS OF THE
NEWSPAPER ASSOCIATION OF AMERICA**
(November 1, 2012)

The Newspaper Association of America (“NAA”)¹ hereby submits these comments on the Postal Service’s notice of market-dominant rate adjustments.² NAA will limit its comments to the newly announced “High Density Plus” rate and the High Density rate within Standard Mail High Density/Saturation flats.

The High Density Plus will be a new rate tier between the current High Density level and Saturation level. The Postal Service plans to require a 300 piece minimum for High Density Plus, which is more than twice the minimum 125 pieces per route required for High Density.³ Accordingly, the minimum volume for the new High Density Plus tier will fall approximately midway between the current High Density and Saturation minimums.

¹ NAA represents the interests of nearly 2,000 newspapers in the United States and Canada. Its members account for nearly 90 percent of the daily newspaper circulation in the United States and a wide range of non-daily U.S. newspapers. NAA members use all classes of mail, including First Class Mail, Periodicals mail, and Standard mail.

² *United States Postal Service Notice of Market-Dominant Price Adjustment*, Docket No. R2013-1 (October 11, 2012) (“USPS Notice”). The Commission gave notice of these rate adjustments in Order No. 1501, 77 *Fed. Reg.* 64362 (Oct. 19, 2012); see also Order No. 1522. (Oct. 31, 2012) (Order Extending Comment Due Date).

³ *New Mailing Standards for Domestic Mailing Services Products*, 77 *Fed. Reg.* 64775 (Oct. 23, 2012) (Notice of Proposed Rule).

NAA has encouraged the Postal Service for some time to create a new rate between the High Density and Saturation tiers that could be of use to newspaper Total Market Coverage programs that mail at much higher volume levels than the minimum required for High Density rates. In addition, since 2007 the rate gap between Saturation and High Density flats has grown from 0.9 cents to 2.7 cents per piece. As a consequence, the High Density rate has become less attractive to TMC mailers and has provided a disincentive to their use of the postal system. A 2.7 cent per piece rate difference equals \$27 per thousand pieces, an amount that may sound small to some but which is very significant in the marketplace for retail advertising distribution. TMC mailings that approach, but do not achieve, Saturation density have received no rate reward for their higher penetration compared to a 125-piece mailing. NAA is pleased that the Postal Service has now acted to establish a more user-friendly rate design that includes the High Density Plus tier.

At the same time, NAA is concerned that the Postal Service has not priced the new tier at a discount sufficient to retain or attract volume that has moved out of the system. The Postal Service has proposed to start the new High Density Plus tier at the current High Density flats rates, while slightly raising both High Density and Saturation rates. The result is that the new High Density Plus rate is only 0.4 cents less than the new High Density rate but is 2.3 cents more than the new Saturation rate. For the new High Density Plus tier to attract significant TMC volume, its rate will need to move substantially towards the midpoint between the High Density and Saturation levels.

In addition, the new High Density Plus tier does nothing for NAA members that may not have sufficient density in their TMC mailings to qualify for the new tier on at least some routes. Those mailings will continue to be disadvantaged by the 2.7 cent difference between the High Density and Saturation tiers. NAA encourages the Postal Service to work actively to reduce that gap, as well as the gap between High Density Plus and Saturation.

For the foregoing reasons, NAA supports the new High Density Plus tier, recommends that the Postal Service consider in the future to set the High Density Plus rate much closer to the midpoint between the High Density and Saturation categories, and urges the Postal Service to reduce the price differential between the High Density and Saturation tiers as well.

Respectfully submitted,

Newspaper Association of America

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